

Japan's \$500M Crypto Hack Couldn't Have Come At A Worse Time

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Summary

- In what appears to be the largest cryptocurrency breach in history, hackers stole over \$534 M last week in NEM coins from Japan-based exchange Coincheck.
- Japanese regulators have ordered Coincheck to increase its protections and will be inspecting all cryptocurrency exchanges in the country for security.
- Japan is currently a central node in world cryptocurrency markets, and in the past has adopted a more accommodating and pro-crypto approach to exchange regulation.
- This hack couldn't have come at a worse time for overall crypto markets, as other regulators in Asia, the U.S., and Europe have been exploring a comprehensive international framework to rein in crypto.
- The hack also shows that cryptocurrency security problems that plagued the asset in its earlier days still remain prevalent, albeit the hack's potential tracing and reimbursement for owners show times may be changing.

Last week, the Japan-based mega-exchange Coincheck lost over ¥58 billion / \$534 M in NEM coins in what is estimated as the largest cryptocurrency security breach in history.

Japan is a major source of cryptocurrency nodes and volume, and has been a dam in major markets against a tide of regulatory enforcement due to the country's support of cryptocurrency exchanges, such as the explicit approval of 11 cryptocurrency exchanges in September 2017.

As other nations from South Korea to Europe and even the United States begin to mull reining in cryptocurrency, the Japanese hack has hurt the prospects of Japan potentially being able to show how its pro-exchange regulatory regimen might be the right one for other nations to follow.

The Biggest Heist In Crypto's Heist-Filled History

The Coincheck hack was even larger than the infamous Mt. Gox hack in 2014 which saw the loss of over \$460 million in crypto-assets owned by the exchange's customers.

The hack specifically stole 523,000,000 units of NEM (XEM) from over 260,000 exchange customers. XEM currently has roughly 9 billion units in circulation with a current market capitalization of \$8.574 billion, meaning that the hack itself accounts for roughly 6% of NEM's entire market capitalization and supply.